STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	**05/31/01**	Bill No:	**AB 1035**
Subject:	**Administration**	Author:	**Hertzberg**
Board Position:		Related Bills:	**SB 1378 (2000)**

BILL SUMMARY

This bill would require all supervisory and managerial employees in state civil service or employed by the California State University to be paid at a salary range that is at least 10 percent higher than the salary range of the highest paid subordinate over whom the supervisor or manager has authority.

ANALYSIS

Current Law

Existing law does not provide for a prescribed salary differential for supervisory or managerial employees employed by the state or the California State University. However, it has been the State Department of Personnel Administration's (DPAs) policy to provide approximately a ten percent salary differential, if possible, between supervisors and their subordinates. Government Code Section 19826 (a) provides that 1) DPA shall establish and adjust salary ranges for each class of position in the state civil service subject to any merit limits contained in Article VII of the California Constitution, 2) The salary range shall be based on the principle that like salaries shall be paid for comparable duties and responsibilities, and 3) DPA shall make no adjustments that require expenditures in excess of existing appropriations that may be used for salary increase purposes.

Proposed Law

This bill would enact a 10 percent salary differential between state managers and supervisors and their subordinate employees, effective immediately upon enactment.

Background

At the Board of Equalization (BOE), the Supervising Tax Auditors (STA) I/II/III and Business Tax Administrator (BTA) I/II/III series both supervise Business Tax Specialists (BTS) I/II/III, a rank and file series. The BTS series, as a result of their collective bargaining agreement, received a special recruitment and retention pay differential, which the BOE funded. The amounts were flat dollar amounts rather than percentages:

Class	Special Adjustment	Adjusted Maximum Range
BTS I	$250	$5277
BTS II	$275	$5795
BTS III	$300	$6387

On May 22, 2000, DPA granted top step rounding (TSR) for the STA I's and II's, but not for the III's. As shown below, an STA II ($5796) supervising a BTS II ($5795) now receives $1 **more** than their subordinate. A Supervising Tax Auditor III ($6333) supervising a BTS III ($6387) has a salary of $54 **less**.

Supervising Class	**Salary + Top Step Rounding**
Supervising Tax Auditor I	$5243 + $35 = $5278
Supervising Tax Auditor II	$5757 + $39 = $5796
Supervising Tax Auditor III	$6333 (no TSR)

The BOE classification series of BTA also supervise employees in the BTS classification series. The BTA I class just received top step rounding in the amount of $35, raising their maximum salary to $5278. However, if the BTA I supervises a BTS I, that person would earn only $1 more as a supervisor.

Similar situations exist in other classifications within BOE. For example, in the BOE Legal Division, a Tax Counsel III, Supervisor ($7804), earns only $5 more than the Tax Counsel III, Specialist ($7799) under their supervision.

Similar Bills

Last year's SB 1378 (Brulte) would have required all supervisory and managerial employees in state civil service to be paid at a salary range that is higher than the salary range of the highest paid subordinate over which the supervisor or manager has authority by at least 4 percent for 2001-02, 7 percent for 2002-03, and 10 percent for 2003-04 and each fiscal year thereafter. The Board voted to Support this bill. SB 1378 was vetoed by Governor Davis because, as stated in his veto message, "The Government Code provides a process for adjusting the salaries of excluded employees and gives the Department of Personnel Administration the authority to establish and adjust the pay and benefits of all state employees. This bill would circumvent that process, and could result in the expenditure of salary funds beyond that currently appropriated for state employee pay and benefit increases."

Legislation was also introduced in 1999 that would have provided for a 10% salary differential for managers and supervisors. That bill, SB 321 (Baca), was later amended into a study to reduce costs and improve the likelihood of its enactment. As enrolled, SB 321 would have required the DPA to conduct a review of the salaries of supervisors and managers in state service to identify the classifications in which supervisors and managers are paid a salary less than 10 percent higher than the maximum step of employees under their authority. Governor Davis vetoed the bill, stating that the provisions of the bill were unnecessary since DPA has the authority to conduct salary reviews.

A similar bill, SB 477 (Brulte) introduced in 1999, would have provided state managers, supervisors, and other employees who are excluded from collective bargaining with a 4% salary increase to be effective July 1, 1999, and an additional 4% salary increase to be effective July 1, 2000. Governor Davis vetoed that legislation, again citing the Government Code provisions and DPA authority and that on July 1, 1999, the state implemented a very fair benefit program for all state managers, supervisors and other excluded employees

COMMENTS

1. **Sponsor and purpose.** This bill is co-sponsored by the Association of California State Supervisors and the California State Employees Association (CSEA). CSEA states that "Many highly qualified career state employees are unwilling to accept the added responsibility of supervision without any financial incentive."
2. **Managers and supervisors received a bonus contribution to deferred compensation accounts from July 1, 2000 through June 30, 2001.** That bonus amount will not be continued into the next fiscal year because of budget constraints.

COST ESTIMATE

According to the Senate Appropriations Committee analysis, this bill would result in General Fund and Special Fund costs of up to $200 million annually.

REVENUE ESTIMATE

This bill would not impact the state's revenues.

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This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.